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Annual Report

2009-2010

Federal Healthcare Partnership

Canada

Federal Healthcare Partnership Secretariat

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Message from the Chair of the Executive Committee

I am pleased to present the 2009/10 Federal Healthcare Partnership (FHP or Partnership) Annual Report on behalf of its seven permanent Partner organizations.

The FHP, formerly the Health Care Coordination Initiative (HCCI), was established in 1994 to develop and implement strategic coordination of federal government purchasing of healthcare services and products for eligible clients. In the 16 years since its implementation, the FHP has continued to reach its objectives through its horizontal coordination and negotiations – 2009/10 was no exception with savings of approximately **$4.92 million** net of costs having been realized during the reporting period.

Each year, the outstanding voluntary collaboration of the FHP organizations leads to achieving cost savings and economies of scale for the Government of Canada. In 2009/10, several additional initiatives were undertaken by the FHP Secretariat to address common healthcare concerns for the Partners in the areas of dental services, home and continuing care, health information management/electronic health records, and health human resources. The following new initiatives were carried out by FHP organizations in the reporting period:

- The Dental Programs Committee was established to maximize benefits and dental care services throughout FHP organizations by aligning policies, guidelines, and criteria collaboratively.

- The FHP Office of Health Human Resources promoted the Government of Canada as an employer of choice through job fairs, collective staffing, and the clinical workplace placement initiative.

- In the area of Health Information Management, four communities of practice were established based on organizational needs and interest to promote awareness of the emerging health informatics standards, to facilitate information exchange of lessons learned and to foster mutual cooperation within federal sectors.

On behalf of the Executive Committee members, I would like to thank the FHP organizations and the FHP Secretariat for their dedication, commitment, and hard work in 2009/10. Through ongoing collaborative efforts and the establishment of essential initiatives, I am confident that the FHP will see continued success in 2010/11 and am proud to be a part of it.

Brian Ferguson
Senior Assistant Deputy Minister – Policy, Programs and Partnerships
Veterans Affairs Canada
Chair, FHP Executive Committee

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1. INTRODUCTION

The Federal Healthcare Partnership (FHP or Partnership) was conceived in the early 1990s when, at the request of Treasury Board, Veterans Affairs Canada (VAC) agreed to collaborate with other federal government organizations to examine possibilities for coordinating federal healthcare purchasing. In 1994, based on the findings of the study[1], the Partnership (then called the Health Care Coordination Initiative) was established.

The mission of the Partnership, according to its Charter[2], is to enable Partners to achieve more efficient and effective healthcare programs through collaboration and coordination. The Partnership has two main goals:

- to achieve cost savings and economies of scale while enhancing healthcare programs; and
- to identify and address healthcare issues of common concern.

1.1 Who We Are

The FHP is a voluntary alliance of seven federal government organizations, each with the responsibilities for ensuring delivery of healthcare programs to benefit eligible clients and Canadians (see **Table 1**). The Partners' healthcare programs involve provision of care, benefits, services, goods, information, and surveillance. While there are differences in each program, FHP organizations agree that there are opportunities to exchange information, realize economies of scale, and share best practices. Thus Partners are able to achieve more efficient, effective healthcare programs through collaboration and coordination.

Several federal government organizations not listed in Table 1, including Human Resources Skills Development Canada (HRSDC), Indian and Northern Affairs Canada (INAC), Privy Council Office (PCO), Public Works and Government Services Canada (PWGSC), Transport Canada (TC) and Treasury Board of Canada Secretariat (TBS), participate on an *ad hoc* basis in FHP activities or on files of specific interest to them.

1 Price Waterhouse, *Coordinated Federal Government Purchasing of Health Care Services: Strategy for the Future* (May 1994)

2 Federal Healthcare Partnership, *Charter for the Federal Healthcare Partnership (FHP)* (2010)

Table 1: FHP Partners and their Healthcare Programs – 2009/10

FHP Partner (Key Stakeholders)	# Eligible Clients	Total Health Expenditure ($ million)	Program Description and Beneficiaries
Citizenship and Immigration Canada (CIC)	127 821	90.9	CIC's Interim Federal Health Program provides temporary healthcare services for refugees, refugee claimants, and those detained under the *Immigration and Refugee Protection Act* who are not eligible for provincial health insurance and have no means to obtain health services.
Correctional Service of Canada (CSC)	22 500[3]	195	CSC is responsible for providing federal inmates with essential healthcare, including non-essential mental healthcare that will contribute to the inmate's rehabilitation and successful reintegration into the community in accordance with professionally accepted standards.[4] CSC also provides limited health services in the community for eligible offenders.
Department of National Defence (DND)	103 247	680	The Canadian Forces Health Services is the designated healthcare provider for Canada's military personnel, delivering medical and dental services at military installations across Canada and overseas.
Health Canada (HC)	831 100	989.1	HC's involvement in FHP is principally through the First Nations and Inuit Health Branch's Non-Insured Health Benefits (NIHB) Program. The NIHB Program provides a limited range of medically necessary supplemental health benefits to eligible First Nations and Inuit clients when no other provincial, territorial or private coverage is available. Benefits include prescription drugs, dental care, vision care, medical supplies and equipment, short-term crisis intervention mental health counselling, and medical transportation. Other Health Canada Branches/Programs are also involved in FHP's work related to health human resources and other strategic health priorities.
Public Health Agency of Canada (PHAC)	All residents of Canada[5]	-	PHAC is the federal government's main agency responsible for public health in Canada. Its primary goal is to strengthen Canada's capacity to protect and improve the health of Canadians and to help reduce pressures on the healthcare system. To do this, PHAC is working to build an effective public health system that enables Canadians to achieve better health and well-being in their daily lives by promoting good health, helping prevent and control chronic diseases and injury, and protecting Canadians from infectious diseases and other threats to their health. PHAC is also committed to reducing health disparities between the most advantaged and disadvantaged Canadians.
Royal Canadian Mounted Police (RCMP)	19 100 (active) 8 790 (retired & civilian)	78.2 5.23	RCMP is responsible for ensuring the provision of healthcare benefits for regular members, eligible civilian members (i.e. civilian members injured during the course of their duties), and eligible retired members (i.e. retired members in receipt of a disability pension where the disability is work-related).
Veterans Affairs Canada (VAC)	131 298[6]	979.7	VAC provides healthcare benefits to eligible veterans and other clients. VAC aims to optimize client wellbeing through programs and services that support care, treatment, independence, and re-establishment. These include: • Treatment Benefits Program – includes medical, surgical and dental exams, treatment, surgical and prosthetic devices and aids, prescription drugs, medical travel, and other related services; • Long Term Care Program – provides eligible veterans with access to quality long term care services in accredited facilities across the country; • New Veterans Charter – provides a suite of programs and services to support the successful re-integration of modern military veterans and their families into civilian life; and • Veterans Independence Program – supports eligible clients to remain in their homes and provides intermediate care in community facilities.
Totals	**1 243 856**	**3 018**	

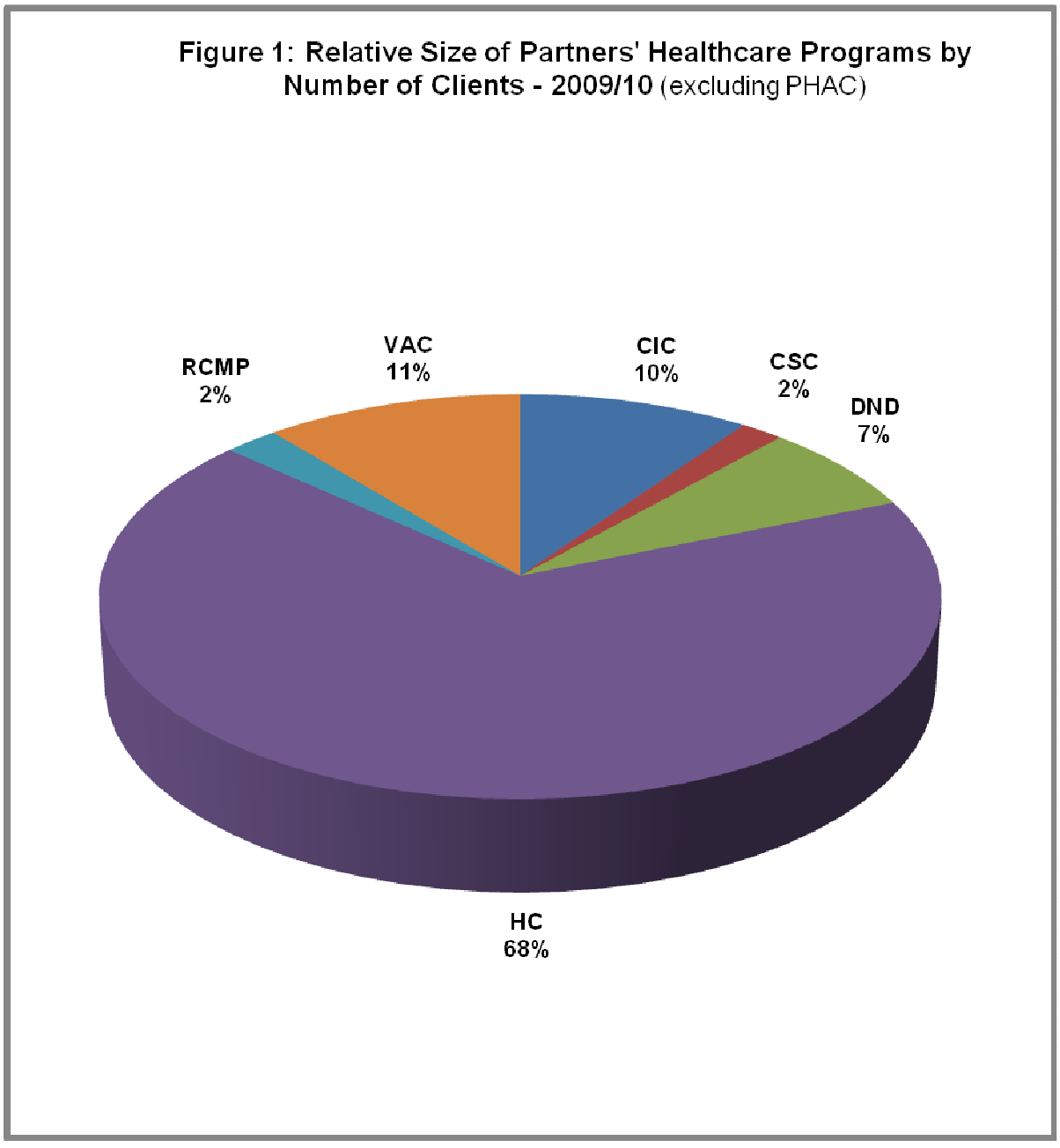
3 On any given day, CSC is responsible for approximately 13,500 federally incarcerated offenders and 9,000 offenders in the community. However, during a fiscal year, including all admissions and releases, CSC manages approximately 20,000 incarcerated offenders and 17,000 supervised offenders in the community.

4 Corrections and Conditional Release Act (1992, c. 20), s.86

5 Unlike the other Partners, PHAC's programs are not typically directed exclusively at circumscribed groups of Canadians; rather, PHAC's client base is all residents of Canada.

6 This figure represents the number of VAC clients in receipt of benefits in 2009/10 – the actual number of eligible clients may have been higher.

Figure 1 illustrates the relative size of Partners' healthcare programs based on the number of clients per program in 2009/10 (excluding PHAC[7]).



7 Unlike other Partners, PHAC programs are not typically directed exclusively at specific groups of Canadians. Their clientele includes all residents of Canada. PHAC's client and expenditure numbers are, therefore, not comparable to those of the other Partner organizations and for that reason are not included in Figure 1.

2. ADMINISTRATION OF THE PARTNERSHIP

FHP's governance structure, as defined in the FHP Charter, includes an Executive Committee with Assistant Deputy Minister-level representation from the Partner organizations and a Management Committee with Director General-level representation. A secretariat manages the daily business and operational activities of the Partnership.

The FHP Secretariat, which is under the stewardship of Veterans Affairs Canada (VAC), is headed by an Executive Director who reports to VAC's Senior Assistant Deputy Minister of Policy, Programs, and Partnerships.

In 2009/10, the FHP Executive Committee held bi-lateral consultations and a special meeting to review the FHP mandate and to identify priorities for the FHP *2010-2013 Business Plan*. This exercise led to revisions to the FHP Charter and unanimous agreement of the benefits and value of the FHP. During the consultation process, the Secretariat was informed by Citizenship and Immigration (CIC) that their involvement would be limited to the governance level for the Business Plan cycle 2010-2013.

In early 2010, Treasury Board of Canada Secretariat (TBS) advised the FHP Secretariat of the need to clarify and obtain policy authority to use the Other Health Purchased Services special purpose allotment to fund the FHP Secretariat. In response to this request, the FHP Secretariat initiated discussions and consultations within the FHP and with TBS. This work was in progress at the end of the reporting period.

The FHP Secretariat also prepared the FHP *Annual Report 2008/09*[8] and the FHP Secretariat *2009/10 Integrated Business and Human Resources Plan*, which was approved in the summer of 2009 by VAC's Senior Assistant Deputy Minister of Policy, Programs and Partnerships.

In accordance with the retention and skills development strategies identified in the *Integrated Business and Human Resources Plan*, the FHP Secretariat conducted an employee survey in 2009/10 to identify if the proposed strategies resulted in the desired outcome. The results clearly demonstrated that FHP Secretariat employees benefit from their learning plans and value their involvement in the organization.

8 Federal Healthcare Partnership, *Annual Report 2008-2009* (2009)

3. PERFORMANCE BY AREA OF FHP INVOLVEMENT

The business of the Partnership is conducted according to a three-year planning cycle; every three-years the FHP Secretariat works in consultation with the Partners to prepare a business plan, which forecasts the Partnerships priorities, business activities, and strategies for the impending three years. The Partnership then reports annually to TBS on its progress toward achieving the goals identified in the business plan.

The following sections provide an overview of each area of FHP involvement and an account of the Partnership's progress for fiscal year 2009/10 against the accomplishments forecasted in the *Federal Healthcare Partnership 2007-2010 Business Plan.* See **Annex A** for a breakdown of each organization's participation in the following FHP areas of involvement:

- Audiology
- Dental Care
- Federal/Provincial/Territorial Representation
- Health Human Resources
- Health Information Management
- Home and Continuing Care
- Medical Equipment Recycling
- Mental Health
- Oxygen
- Pharmacy
- Vision Care

3.1 Audiology

The purpose of FHP's work in the audiology area is to:

- develop opportunities for saving program dollars by leveraging the combined purchasing power of the Partners into a volume discount for the purchase of hearing products and services; and
- facilitate discussion and information-sharing on policy matters.

Involved Partners: DND, HC, RCMP, VAC

Forecast Accomplishments:	**Progress:**
1. (Maintain) three-year hearing products Memorandum of Understanding (MOU) with the Canadian Auditory Equipment Association (CAEA) for the period November 2007 to November 2010	The MOU with the CAEA provides the four involved Partners with, among other negotiated benefits, a 20% discount off the National List Price for hearing products. In many instances Partner organizations are allowed a greater than 20% reduction in the price of entry level hearing aids. As a consequence of the MOU with the CAEA, it is estimated that in 2009/10 the involved Partners collectively realized savings totaling **$4.85 million.** This estimate is considered to be conservative as it is calculated based solely on the previously mentioned 20% discount and does not include savings achieved through agreements governing dispensing fees and fees for audiology services, such as hearing assessments.
2. Conduct a joint policy review	The Partners continued to exchange policy advice and share information concerning their programs, fees, and best practices.
3. Explore joint negotiations for service fees	Ongoing.

3.2 Dental Care

The FHP is currently involved in two dental care working groups: the Dental Programs Committee (DPC) and the Federal Dental Care Advisory Committee (FDCAC).

3.2.1 Dental Programs Committee

The DPC was established in 2009/10 to provide partners an opportunity to discuss challenges and strategies for their respective federal dental program administrations. The DPC's primary objectives are to help maximize benefits for Partner organizations through information-sharing concerning dental benefits, to align policies, guidelines, and criteria in the review of certain eligible dental services, improve dental program policies to ensure better oral health outcomes for clients, to help minimize duplication of effort among FHP organizations, and to optimize dental care for federal client populations within the constraints of departmental budgets.

3.2.2 Federal Dental Care Advisory Committee

The FDCAC is an advisory body of oral health professionals that bring impartial and practical advice to Health Canada's Chief Dental Officer and to each of the federal departments. Its evidence-based approach provides advice that reflects dental and scientific knowledge, current best practices in all aspects of clinical practice, as well as health and healthcare delivery appropriate to specific client health needs. Full administrative and financial support for this committee is provided by Health Canada on behalf of the Partnership.

Involved Partners: CIC, CSC, DND, HC, RCMP, VAC
Other Involved Parties (FDCAC only): TBS, Assembly of First Nations, Inuit Tapiriit Kanatami, Association of Iroquois and Allied Indians

Forecast Accomplishments:	**Progress:**
1. Continue to explore opportunities for joint work and pursue activities identified	Terms of reference of the DPC have been approved by the FHP Executive Committee and discussions on defining priorities are underway through the review of departmental dental policies, denturist fees and strategic plans.
2. Validate status of common standards and reporting through the Federal Dental Care Advisory Committee	Topics of discussion in 2009/10 included: • review and recommendations concerning the Oral Health in Canada report card and Health Technology Inquiry Service report: Oral Appliances for Treatment of Snoring and Obstructive Sleep Apnea (OSA): A Review of Clinical-Effectiveness; • consideration and guidance on accreditation for oral health teaching facilities; • improving oral healthcare in long term care facilities; and • best practices review of dental benefits within federal programs.

3.3 Federal/Provincial/Territorial Representation

Participation in Federal/Provincial/Territorial (F/P/T) committees and working groups provides the Partners with opportunities to:

- improve their access to optimize their use of expert resources; and
- ensure that the federal jurisdiction, as a provider of healthcare benefits, goods, services, and information has, a voice in the development of pan-Canadian healthcare policies and standards.

Involved Partners: Varies by committee and working group

Forecast Accomplishments:	**Progress:**
1. Participate in F/P/T committees and working groups	Ongoing, primarily in the areas of pharmacy, health information management, and health human resources. *See Sections 3.3.1 to 3.3.3 below.*

3.3.1 Pharmacy Committees and Working Groups

During the reporting period the FHP was involved in a number of pharmacy committees and working groups, including the following:

- The Common Drug Review (CDR) is a directorate under the Canadian Agency for Drugs and Technologies in Health (CADTH). It provides drug formulary listing recommendations to Canada's publicly-funded drug plans (except Quebec's) based on objective, rigorous reviews of clinical and cost effectiveness data.

  In 2009/10, the FHP Secretariat's Pharmaceutical Consultant participated in the CDR process on behalf of the Partners, as did representatives from DND, HC, and VAC. The CDR reviewed and made listing recommendations on twenty-six drugs. FHP organizations received, considered, and acted on these recommendations within the parameters of their respective programs and according to the needs of their client populations.

- The Canadian Optimal Medication Prescribing and Utilization Service (COMPUS), a directorate under CADTH, identifies and promotes evidence-based, clinical, and cost effectiveness information on optimal drug prescribing and use—information intended as input to the decision-making of healthcare providers and consumers.

  In 2009/10, the FHP Secretariat's Pharmaceutical Consultant chaired and represented the Partners on the COMPUS Advisory Committee (CAC). A HC representative also participated in the CAC. During the reporting period, COMPUS released recommendations on the use of Blood Glucose Test Strips (BGTS). COMPUS also analyzed the gap between current use of BGTS and the recommended use. Based on the gap analysis, appropriate use of BGTS represents a cost savings opportunity to Canada of approximately $150 million. In addition to the above, COMPUS also proceeded with further work in the diabetes area by initiating a project on second line oral therapy of diabetes after metformin. This recommendation will be released early in fiscal year 2010/11.

- The Pharmacy Directors Forum is made up of representatives from Canada's publicly-funded drug plans. The purpose of the forum is to provide participating F/P/T jurisdictions with opportunities to share information and collaborate on strategic initiatives and policy development related to pharmacy. A major focus of the forum is to facilitate collaboration to reduce drug costs, particularly in response to CDR recommendations.

In 2009/10, a representative from HC and the FHP Secretariat's Pharmaceutical Consultant representing the other Partners participated in the Pharmacy Directors Forum. Topics discussed included pricing strategies for generic drugs, issues related to brand drug pricing, collaborative work on short term dispensing, and compensation for pharmaceutical services. Advance knowledge on jurisdictional actions on these various initiatives helped to minimize the impact on federal programs and clients.

- The Vaccine Supply Working Group (VSWG) is a F/P/T advisory group, which was formed as part of Canada's National Immunization Strategy. The mandate of the VSWG is to make recommendations concerning mechanisms for accessing a high quality and secure supply of vaccines for residents of Canada at the best international prices. FHP Secretariat, CSC, DND, and HC are members of this group.

  As per previous reporting periods, the VSWG facilitated the participation of HC-NIHB and most provinces and territories in the bulk purchase of routine childhood vaccines through a bulk purchasing agreement and facilitated distribution of the annual influenza vaccine. The VSWG also facilitated the procurement and distribution of the H1N1 pandemic vaccine.

3.3.2 Health Information Management Committees and Working Groups

Canada Health Infoway (Infoway) was established as an independent, not-for-profit corporation by the Government of Canada to foster and accelerate the development and adoption of interoperable, pan-Canadian electronic health record (EHR)[9] systems through strategic investments to provinces and territories. Infoway also coordinates the development of pan-Canadian health informatics standards.

The FHP Secretariat is involved with Infoway, because there is a need for people served by the Partners' healthcare programs to be equally represented in the emerging pan-Canadian EHR network. Partners were represented in the following Infoway committees during the 2009/10 fiscal year:

- The FHP Secretariat's Chief Information Officer (CIO) co-chaired the Infoway Standards Collaborative Strategic Committee—a committee that sets direction for the development of pan-Canadian health information standards.

- The FHP Secretariat represented the Partners on the Infoway Standards Collaborative Coordinating Committee to ensure that the requirements of partner organizations are taken into consideration in standards development.

- The FHP Secretariat represented the Partners in the Canadian Institute for Health Information's (CIHI) Knowledge Exchange (KNEX) Network, to ensure that the Partners have access to the lessons learned of provincial jurisdictions in relation to health information management.

- The FHP Secretariat's CIO represented FHP member organizations in the Infoway CIO Forum—a group convened by Infoway to facilitate the exchange of information between Infoway and Canada's health jurisdictions, and to advance the adoption of interoperable, pan-Canadian EHR systems.

- The Infoway CIO Forum met three times in 2009/10. Following these meetings, partner organizations were provided with updates on issues of national interest, such as the development of Primary Health Care Outcome Indicators, and consequently were reminded of the need for ongoing FHP involvement in various pan-Canadian EHR initiatives.

9 An *electronic health record* (EHR), as defined by Infoway, is a secure, digital record of an individual's medical history, stored and shared via a network of EHR systems.

3.3.3 Health Human Resources Committees and Working Groups

During the reporting period, the FHP Office of Health Human Resources (OHHR) represented the interests of the Partners on a number of F/P/T committees, including the following:

- Advisory Committee on Health Delivery and Human Resources (ACHDHR) sub-working groups:

  - The Health Human Resources Partnership and Planning Sub-Committee provides the ACHDHR with strategic, evidence-based health human resources (HHR) advice, policy, and planning support; including timely information about emerging HHR issues, as well as work and priorities of key stakeholders.

    FHP representation on this committee raises the Partners health human resources and related issues with provincial and territorial (P/T) jurisdictions, while also staying current with P/T activities and issues.

  - The Public Health Human Resources Task Force advances the implementation of the public health human resources planning framework as defined in *Building the Public Health Workforce for the 21st Century – A Pan-Canadian Framework for Public Health Human Resources Planning*[10], and makes recommendations to the Pan-Canadian Public Health Network Council regarding public health human resources in the context of the Canadian health system.

    Participation ensures that public health issues, which may be unique to federal client populations and environments, are considered and appreciated in the broader Canadian context. In addition, this task force provides the means by which FHP organizations are kept informed of P/T activities related to public health human resources.

- Collaborating Centre for Prison Health and Education (CCPHE) – Medical Education Working Group:

  The working group advises on design, implementation, and evaluation of prison medical education electives for University of British Columbia undergraduate and postgraduate medical learners, problem solves ways around potential barriers to their successful implementation, and advises on dissemination of knowledge about these electives.

FHP membership on the CCPHE Medical Education Working Group helps to broaden the awareness of academic program administrators and students regarding health science employment and clinical rotation opportunities in the federal jurisdiction.

10 Public Health Human Resources Task Force, *Building the Public Health Workforce for the 21st Century – A Pan-Canadian Framework for Public Health Human Resources Planning* (2005)

3.4 Health Human Resources

As part of the 2007-2010 business planning exercise, the original proposal in the area of health human resources focused on the federal physician recruitment and retention issues collectively; however, over the past two years Partners have brought forward other additional areas of concern, including but not limited to, the classification of nurse practitioners and the challenges related to the attraction and retention of indeterminate nurses and psychologists within the public service. As a result, the Office of Health Human Resources (OHHR) was created in October of 2008 with an expanded mandate to address issues related to recruitment and retention of health human resources with the provided oversight and guidance of the established Health Human Resources Committee (HHRC).

The objectives of the OHHR are to:

- initiate and coordinate collective recruitment and retention activities and provide leadership and assistance to FHP organizations when addressing issues and challenges of common concern in the area of health human resources; and
- serve as a functional community hub where federal healthcare professionals can convene to network, share best practices and experiences, and strengthen their community through training and collaboration.

Involved Partners: CIC, CSC, DND, HC, PHAC, RCMP, VAC
Other Involved Parties: TBS, HRSDC, Public Service Commission

Forecast Accomplishments:	**Progress:**
1. Develop opportunities for collaboration and coordination in recruitment and retention of physicians in the Government of Canada	In 2009/10, the OHHR developed opportunities to collaborate and coordinate the recruitment and retention of health professionals within the public sector. The various key initiatives undertaken throughout fiscal year 2009/10 are identified in *Sections 3.4.1 to 3.4.3 below*.

3.4.1 OHHR Initiatives

- The Classification Working Group began work on a nursing comparison analysis. To date, a classification specialist has conducted a review of existing work descriptions which identified work elements that are not currently recognized by the Nurse (NU) Classification Standards. The completion of this project will serve as foundational information for a TBS submission on nursing classification reform.

- The OHHR is undergoing a workforce analysis of the health services community. Authorization has been provided by OHHR Partners for TBS to include partner workforce data in an overall public service data set. This data will allow us to better analyze the health services workforce within our Partnership and the public service, thus allowing for informed future health human resources management decisions.

- In establishing a clinical placement initiative for federal organizations, the OHHR contracted HSPNet, a health sciences placement network, to post and coordinate placement opportunities in the fall of 2009. This initiative is a mutually beneficial arrangement between academic institutions to help meet the demand for clinical practicum, federal internship program, and to create experience and bridging opportunities for federal positions. This initiative will continue in fiscal year 2010/11 with CSC taking the lead on behalf of the FHP, in order to identify all clinical placements in the British Columbia, Prairie, and Ontario Regions. All information obtained will be sent to all academic programs by the OHHR once posted on HSPNet.

3.4.2 Coordination of Collective Recruitment Activities

In the reporting period, the OHHR through its Recruitment Working Group promoted the federal government as an employer of choice for licensed health science professionals by targeting talented graduates and mid-career recruits. To accomplish this, the following collaborative activities were undertaken:

- Partner organizations worked together to create promotional materials, such as fact sheets that targeted licensed healthcare providers (applicable to all organizations), common posters, and promotional campaign materials.

- OHHR facilitated Partner participation in four very successful job fairs and organized professional panel discussions at the request of academic institutions in Toronto, Calgary, Ottawa, and Edmonton.

- On behalf of the FHP, DND created generic advertisements for entry-level nurse and physician positions. Meanwhile, the recruitment working group facilitated a collective staffing process to address the qualified applicants.

3.4.3 Professional Development

One of the pillars of public service renewal is 'employee development', which the FHP organizations have identified as a priority within their respective organizations. Moreover, Partners have directed the OHHR to implement recommendations from the original study on federal physicians, including creating opportunities for professional development.

- The Physician Professional Development Program (PPDP) provides continuing medical education (CME) and continuing professional development that is relevant to the work carried out by federal physicians, meets the re-validation requirements for licensure renewal, and prepares physicians for senior management positions.

  The OHHR distributed surveys in October 2009 to the federal indeterminate physician community and assessed their learning needs. Since then, the Canada School of the Public Service (CSPS) has agreed to work with the OHHR in realigning and marketing relevant courses specific to identified physician requirements. As well, contact has been initiated with the University of Ottawa School of Medicine's CME accreditation program to confirm the process of accrediting existing and relevant federal courses and for forums (e.g. CSPS leadership courses).

- In January 2010, the OHHR provided a practicum for a University of Toronto masters student studying in the area of health administration. The student worked in collaboration with the Canadian Psychological Association and public service psychologists to identify and validate key leadership competencies for psychologists. This research will serve as a foundation for a public service psychological service provider development program framework.

3.5 Health Information Management

The purpose of the Partnership's work in Health Information Management (HIM) is to identify an "e-health" strategy for the Partners, with the objective of creating an FHP enterprise architecture plan[11] (EAP) for implementation by 2017. Once implemented, the FHP EAP will enable partner organizations to be interoperable with the pan-Canadian network of electronic health record systems (pan-Canadian EHR network) that is being established by the provinces and territories with the support of Canada Health Infoway (Infoway).

Interoperability with the pan-Canadian EHR network is viewed as critical to the Partners' ability to:

- keep pace with Canada's changing healthcare environment; and
- continue providing timely, quality care for their respective client populations.

Involved Partners: CIC, CSC, DND, HC, PHAC, RCMP, VAC
Other Involved Parties: Infoway, Office of the Privacy Commissioner, PWGSC, Transport Canada, TBS

Forecast Accomplishments:	**Progress:**
1. Coordinate joint procurement of professional services	In 2006, the FHP established a Health Informatics Support (HIS) contract to enable partner organizations to procure services on short notice and at a competitive price for work leading to the adoption of the FHP EAP. In 2009/10, statements of task (SOT) against the HIS contract included work to further assess the current health information environment and work to implement departmental health information systems—all of which is intended to facilitate successful implementation of electronic health records by partner organizations and interoperability with the pan-Canadian EHR network, as defined in the FHP EAP. In 2009/10, the HIS contract was used extensively and resulted in: • 12 new SOTs put in place for a total value of $815 thousand; and • 19 amendments to SOTs were approved in this reporting period. Of these 19 amendments, 7 involved increases to the value of SOTs for a total of $243 thousand. The total value, therefore, of the new SOTs and the new money represented in the amendments is approximately $1.1M, with 6 (or 31%) of the new SOTs and amendments being for less than $25 thousand and 5 (or 26%) being for more than $75 thousand. As a result of the HIS contract, it is estimated that savings of approximately **$600 thousand** were realized on behalf of the Crown during the reporting period. This conservative estimate is based on: • a comparison with standard industry rates for health informatics professionals, which are typically at least 45% higher than those available within the HIS contract vehicle;

11 An *enterprise architecture plan* is a detailed description of the relationships between business and management processes, and information technology.

Forecast Accomplishments:	Progress:
1. Coordinate joint procurement of professional services (*continued*)	• the incremental costs—estimated at 10% of the total value of the 12 new SOTs plus the 19 amendments for money—that would have been incurred by the Partners if they had to process each requirement separately; and • the incremental costs—estimated at 5% of the total value of the 12 new SOTs plus 19 amendments—that would have been incurred by PWGSC as the Government of Canada contracting authority, if each requirement had been processed separately.
2. Provide strategic leadership in electronic health strategy development and implementation	The Partners are collaborating through the FHP Health Information Management Working Group in order to facilitate progress toward federal participation in the emerging pan-Canadian EHR network. Specific activities are identified in *Sections 3.5.1 to 3.5.3 below.* Furthermore, consultations began with the TBS-CIO in order to establish an FHP ADM steering committee which will act as an interdepartmental advisory group forum to achieve consensus on EHR initiatives within the Government of Canada.

3.5.1 Enterprise Architecture Plan

The provision of health services either directly or indirectly by the federal government is a significant activity that requires robust information supports to enable both the provision and management of health services. The FHP Enterprise Architecture Plan (EAP) describes the e-health strategy the FHP organizations will follow to achieve business, information, and technical interoperability within the emerging pan-Canadian electronic health record (EHR), thereby ensuring that the Partners' organizational requirements continue to be met.

The EAP is a living document that requires on-going maintenance to ensure that it remains accurate and relevant to meet the needs of the FHP organizations. In 2009/10 two major activities resulted in significant changes to the existing EAP. First, it was determined that the full cost of federal participation in the pan-Canadian EHR should be identified within the EAP. Prior to this decision, the costs for departmental point-of-service solutions were not identified. As a result, significant financial analysis work was undertaken to determine and document, in the EAP, all costs for a comprehensive solution to the health information needs of the partner organizations.

The EAP facilitates coordinated planning, which relies on a foundation that the business and information environment is accurately defined for each of the partner organization and also the health information environment within other jurisdictions, including the provinces and Canadian Health Infoway. Changes in departmental capabilities and plans have an impact on the legitimacy of the EAP as a planning document. In 2009/10 the baseline architecture (business environment within each partner organization) was reviewed and confirmed for accuracy. Extensive interviews were conducted with staff from each member organization and were combined with an analysis from other jurisdictions. As a result, the EAP was revised for accuracy and acknowledged by each of the partner organizations.

3.5.2 Health Informatics Standards

Recognizing that the ability to share health information between systems and jurisdictions is possible only when there is consistency in system standards, the FHP Secretariat's HIM team had, at the end of the reporting period, begun actively participating in the development of national health informatics standards. Moreover, the HIM team established several communities of practice (COP) based on the needs and interests of partner organizations for the purpose of promoting awareness of emerging health informatics standards, facilitating the sharing of lessons learned, and fostering mutual cooperation where appropriate.

- The Communications COP coordinates and collaborates on the development of a communication strategy, communication plan, and tools for each phase of the FHP EHR initiative.

- The Health Surveillance COP serves as a forum for FHP organizations on the identification and management of alignment opportunities around health surveillance-based activities within the respective organizations.

- The Privacy COP serves to discuss emerging privacy issues that have resulted from the vision of a pan-Canadian interoperable health records and to share ideas and solutions in order to develop common policies and standards related to personal health information privacy. The Privacy COP also serves as the FHP body that will review Infoway Privacy Forum material in order to develop FHP responses to Infoway requests for guidance. In this regard, the Privacy COP works with provincial and territorial jurisdictions in addressing privacy issues. The group also shares, learns, and benefits from federal and provincial privacy experiences and where necessary and appropriate has the partner organizations speak as a federal voice.

- The Telehealth COP monitors, documents, and disseminates Partners' information related to key Canadian telehealth activity and funding opportunities. The group works to enhance understanding of the uses for telehealth services by departments, and stimulates new ideas to introduce telehealth practices within existing departmental business models.

3.5.3 Health Informatics Initiatives

In 2009/10, the FHP established various initiatives to identify the partners organizations' needs that may be incorporated into the emerging pan-Canadian electronic health information system standards.

- The FHP Health System Use (HSU) initiative identified health system use of health data for the federal organizations. Thus enabling business needs to be incorporated in the development of a pan-Canadian HSU framework to support the identification and potential collaboration of health system uses such as administration, surveillance, research, analysis, planning, and evaluation of federal health programs.

- The Retention and Disposal initiative conducted research and produced a report on main issues with respect to standardizing the information management life cycle activity related to the retention and disposition of paper source and scanned documents. The report outlines the rationale, findings, and recommendations to enable partner organizations in making informed decisions on the retention and disposition of paper source and scanned documents.

- The Primary Health Care (PHC) Content Standards initiative goal is to help FHP organizations implement more standardized and useful electronic medical records (EMRs) content standards in primary healthcare settings. Also it will reduce duplication and effort in the development of EMR content standards at the federal level.

3.6 Home and Continuing Care

The purpose of the FHP Home and Continuing Care Working Group (HCC Working Group) is to facilitate information-sharing among the involved parties and to coordinate input for the development of federal policies on the home and continuing care needs of Canadians who are eligible for benefits or services under the terms of federal healthcare programs. Meetings of the HCC working group, which are held approximately every two months, provide a valuable networking opportunity for experts at the federal level.

Involved Partners: CSC, DND, HC, PHAC, RCMP, VAC
Other Involved Parties: Indian and Northern Affairs Canada, Human Resources and Skills Development Canada

Forecast Accomplishments:	**Progress:**
1. Explore the feasibility of coordinating efforts	In 2009/10, the HCC Working Group focused its efforts on the development of a federal sector environmental scan to explore opportunities and identify possible impacts on partner organizations of *The Continuing Care Research Project for Veterans Affairs Canada and the Government of Ontario - Synthesis Report*[12]—a collaborative undertaking of VAC and the Government of Ontario.

12 Hollander Analytical Services Ltd, *The Continuing Care Research Project for Veterans Affairs Canada and the Government of Ontario - Synthesis Report* (2008)

3.7 Medical Equipment Recycling

Based on the findings from VAC's internal review of the Medical Equipment Recycling program, it was determined that the program would be discontinued. In light of this decision and limited involvement of the Partners in the program, the Partnership concluded that its involvement in the area of medical equipment recycling in fiscal year 2008/09 would end, with the exception of costs associated with closing the Kirkland Lake National Recycling Unit (NRU) by the end of fiscal year 2009/10. The Secretariat expended $66,000 until August 2009 to cover partial salary costs of one supervisor and six clerks for the closing process of storing the entire recycled equipment inventory of the NRU. As the VAC program was inactive during the reporting period, there were no cost savings achieved.

Involved Partners: HC, VAC
Other Involved Parties: (second bullet below only) PWGSC and TBS

Forecast Accomplishments:	**Progress:**
1. Expand program to include regions of Canada and federal organizations not currently participating 2. Strengthen policy and procedures to promote national consistency 3. Explore feasibility of expanding program to include medical supplies and equipment not currently being recycled	No effort was made in 2009/10 to expand or strengthen Partnership activities in this area.

3.8 Mental Health

Activities proposed in FHP's *2007-2010 Business Plan* in the area of mental health were contingent upon approval of funding. Funding was not received and therefore, a number of planned activities in the area of mental health could not be undertaken by the Partnership.* (see below) Nonetheless, in 2009/10 the Partners continued to meet through the FHP Working Group on Mental Health (MH Working Group) to exchange information and to maintain relationships.

The purpose of the MH Working Group is to:

- provide the Partners with a forum for inter-organization dialogue and information-sharing concerning mental health services, programs, and policies; and
- identify opportunities for collaboration in the area of mental health.

Involved Partners: CIC, CSC, DND, HC, PHAC, RCMP, VAC
Other Involved Parties: HC - Policy Priorities and Analysis Division

Forecast Accomplishments:	**Progress:**
1. Provide a structured forum to explore horizontal opportunities	In 2009/10, the FHP Secretariat convened four meetings of the Partners to facilitate the exchange of program and policy information in the area of mental health. Each session featured guest speakers and presentations on the: • Technology Assessment Program, presented by the Stakeholder Relations Officer from the Canadian Agency for Drugs and Technologies in Health; • Five strategic initiatives of the Mental Health Commission of Canada, presented by members of the National Mental Health Strategy; • Computerized Mental Health Intake Screening System, presented by CSC; and • National Centre for Operational Stress Injuries, presented by the Director of Ste-Anne Hospital, VAC.
2. Gather, analyze and disseminate information. Identify gaps and approaches to deal with gaps	* Not undertaken.
3. Develop common objectives and approaches for consideration by senior management and government	* Not undertaken.
4. Establish links between key federal and external stakeholders	Two a*d hoc* meetings were held in 2009/10 where external stakeholders made presentations to the FHP organizations. • The Canadian Population Health Statistics Program at Statistics Canada sought interest in the participation of Partners on a supplemental survey they wished to conduct for the federal population in the 2012 version of the survey on mental health; and • The National Mental Health Strategy team updated Partners on Phase II of their framework.
5. Evaluate overall functioning of this coordination initiative	* Not undertaken.

3.9 Oxygen

As indicated in the *Annual Report for 2007/08*, the Partnership is no longer active in this area.

Involved Partners: HC, VAC

Forecast Accomplishments:	Progress:
1. Review oxygen expenditures in participating provinces with a view to identifying opportunities for implementing joint Standing Offer Agreements or other procurement strategies to reduce expenditures	No activity.

3.10 Pharmacy

The common objective of the Partners' work in the pharmacy area is to provide eligible clients with access to pharmacy services that will contribute to optimal health outcomes in a fair, equitable, and cost effective manner. Although Partners' drug benefit programs vary considerably according to client population demographics and the legislative or policy basis for each program, there are significant areas of commonality where collaboration allows Partners to realize qualitative and quantitative benefits. For the most part, this collaboration is accomplished through participation in federal committees (several of which are described below) and involvement in F/P/T pharmacy initiatives (referenced previously in this report).

The amount spent on drug benefits is the Partners' single largest health-related expenditure, totalling approximately $620.4 million in 2009/10—an increase of approximately $24.9 million or 4.2% over 2008/09. This increase is close to the annual growth rate for drug expenditures in Canada, based on the forecast by the Canadian Institute for Health Information (CIHI) for 2009:

> "Public-sector expenditure on prescribed drugs is forecast to have reached $11.0 billion in 2008 and $11.4 billion in 2009, representing annual growth rates of 7.3% and 4.0%, respectively[13]."

Specific Partnership activities in the pharmacy area are described in sections 3.10.1 to 3.10.3.

13 Canadian Institute for Health Information, *Drug Expenditure in Canada, 1985 to 2009* (Ottawa: CIHI, 2010), pg.v

3.10.1 Joint Pharmacy Negotiations

Involved Partners: DND, HC, RCMP, VAC

Forecast Accomplishments:	**Progress:**
A. Lead or participate in joint negotiations:	
1. Renew joint Memorandum of Agreement (MOA) – Manitoba	The MOA involving HC and the Pharmacists' Association of Manitoba expired March 31st, 2007. Due to limited negotiations resources, partner organizations agreed to defer entering into negotiations due to extensive ongoing negotiations occurring in Quebec.
2. Renew joint MOA – Atlantic	The MOA within the Atlantic region expired on March 31st, 2007 for HC and on January 7th, 2010 for VAC, RCMP, and DND. Ongoing analysis throughout fiscal year 2009/10 has indicated possible savings for each organization. Negotiations to renew the MOA were deferred until ongoing negotiations in Quebec were completed.
3. Explore feasibility of national agreement with Canadian Association of Chain Drug Stores (CACDS)	There are no agreements in place at this time. Analysis show that CACDS is appearing in provincial agreements and is expected to be at the table during negotiations in British Colombia and Saskatchewan in fiscal year 2010/11.

In addition to the above, the following was reviewed and/or actioned by the FHP pharmacy negotiations group throughout the 2009/10 reporting period:

- In Quebec, an agreement was renegotiated with the AQPP. The Partners met on a bi-weekly basis over a period of seven months in order to ensure a cohesive strategy when dealing with the AQPP. The new rates come into effect July 1st, 2010.

- The British Columbia (BC) negotiations were deferred in favour of other negotiations. Indications are that BC pharmacists are still following the rates set out in the lapsed agreement.

- The current Saskatchewan agreement has lapsed and there has been no further contact from the Pharmacy Association of Saskatchewan (PAS) beyond August 2008. In the Fall of 2008, as a gesture of good faith, Partners agreed to increase their dispensing fee for prescription drugs by 2.2% to match the provincial rate. In August 2009, the province raised their dispensing fee to $9.15; however, Partners did not automatically follow suit, resulting in real time savings of $0.52 to the Partners per transaction. There have been no reported instances of balance billing to date. Partners still await contact from PAS prior to commencing negotiations.

- The gap analysis initiated in 2008/09 to identify differences and similarities among the Partners' drug benefit programs was conducted and completed in fiscal year 2009/10. This exercise, which allowed partner organizations to identify differences and similarities within each other's programs, was utilised and proven beneficial when negotiating with the province of Quebec.

As a result of the agreements, either in effect, or lapsed but still being honoured, in the provinces of British Colombia, Saskatchewan, and Quebec, it is estimated that the involved Partners collectively realized savings of approximately **$2.01 million** in 2009/10.

3.10.2 Federal Pharmacy Committees

Involved Partners: See below

Forecast Accomplishments:	**Progress:**
B. Lead or participate in federal committees:	
1. Federal Pharmacy and Therapeutics Committee (FP&T)	**Involved Partners:** CIC, CSC, DND, HC, RCMP, VAC **Other Involved Parties**: Assembly of First Nations, Inuit Tapiriit Kanatami, Patented Medicines Prices Review Board, TBS - Pensions and Benefits Sector The mandate of the FP&T is to provide the Partners with recommendations concerning drug benefits and specific drug-related therapeutic issues. This committee was fully funded by HC in 2009/10 on behalf of the Partners. During the reporting period there were two meetings of the FP&T, which resulted in eight drug formulary listing recommendations for consideration by the Partners in the context of their respective drug benefit programs.
2. Federal Drug Benefits Committee (FDBC)	**Involved Partners:** CIC, CSC, DND, HC, RCMP, VAC **Other Involved Parties**: PWGSC The purpose of the FDBC is primarily to provide FHP members with a forum for sharing information concerning management and delivery of federal drug benefit programs. Both chair and vice-chair of the committee moved to different employment during the reporting period and, after a delay, both positions were filled. In 2009/10, the FDBC met three times. During these meetings, the FDBC: • reviewed bulk purchasing strategies for CSC, DND, and HC; • re-established the Cost-Based Performance Measures Working Group; • reviewed issues related to the extension of pharmacist scope of practice and related compensation; • reviewed legislation being developed in some provinces to grant prescribing authority to healthcare professionals other than physicians, and made recommendations regarding recognition of that authority; and • shared formulary listing decisions made by Partners following recommendations from the CDR and the FP&T committees.

Forecast Accomplishments:	**Progress:**
B. Lead or participate in federal committees (*continued*):	
3. Joint Committee on Audit (Joint Committee)	**Involved Partners:** DND, HC, RCMP, VAC **Other Involved Parties**: TBS - Pensions and Benefits Sector The Joint Committee was established in 2006 to provide the Partners with a forum for identifying and addressing issues related to pharmacy provider audits. Through the Joint Committee, members gain an awareness of audit issues across federal programs, learn about audit practices that are working well in other organizations, and discover opportunities for optimizing results in their own programs. The Joint Committee held two regular meetings in 2009/10. During these meetings a number of key issues were considered, including the following: • electronic prescribing in Canada, • validation of prescriber identification numbers, • the implications of pharmacist prescribing, and • the implications of frequent (or short-term) dispensing.

3.10.3 Response to the Auditor General's 2004 Recommendations

Involved Partners: CIC, CSC, DND, HC, RCMP, VAC

Forecast Accomplishments:	**Progress:**
C. Complete development and implementation of measures in response to the Auditor General's 2004 recommendations on the Management of Federal Drug Benefit Programs[14]:	
1. Develop performance measures for inclusion in departmental reports on drug benefit program performance	As indicated in FHP's *Annual Report 2007-2008*, two cost-based measures of performance were developed for use by the Partners. Development and implementation of meaningful measures of cost effectiveness has been hampered by the lack of available data on diagnostic and health outcomes. Some Partners, however, are independently developing performance measures within their own programs. VAC, for example, is developing a performance measurement framework for its Treatment Benefits Program. The Cost-Based Performance Working Group was re-established under the Federal Drug Benefits Committee (FDBC) to pursue development of further measures.
2. Develop and implement cost containment initiatives	In addition to previously mentioned cost containment activities, the Partners also undertook the following in 2008/09: • The issue of frequent (or short-term) dispensing was discussed at some length by members of both the FDBC and the Joint Committee on Audit. In September 2008, HC implemented a policy that established rules governing reimbursement of pharmacy fees in instances of frequent dispensing. Other Partners were considering whether similar rules would be warranted within their respective programs. Projections indicated that by implementing such rules significant savings could be realized by the programs while maintaining (or in some instances improving) the level and quality of service for program clients. • During the reporting period, the FDBC reviewed and accepted recommendations from the Canadian Optimal Medication Prescribing & Utilization Service, dealing with insulin analogs and Blood Glucose Test Strips (BGTS). DND, VAC, and HC have taken actions consistent with the insulin analog recommendations. Action on BGTS is pending further analysis.

14 Office of the Auditor General of Canada, *Report of the Auditor General of Canada to the House of Commons – Chapter 4: Management of Federal Drug Benefit Programs* (November 2004)

3.11 Vision

The purpose of FHP's work in the area of vision care is to:

- obtain the best price possible for vision care products and services by leveraging the combined purchasing power of the Partners through common fee strategies; and
- coordinate the implementation of common fee strategies.

Involved Partners: HC, RCMP, VAC

Forecast Accomplishments:	**Progress:**
1. Atlantic Provinces – Annual sign-off on Letters of Understanding for fees (June 2002 – no expiry date)	Ongoing.
2. Quebec – Renew joint agreement (Feb 2006 – Jan 2008) Note: Agreement not signed at time of reporting.	A number of meetings were held with the Association des optométristes du Québec (AOQ) throughout the 2009/10 fiscal year. Ultimately, the Partners determined to set fees and, through the AOQ, have their price grids distributed to the necessary parties in Quebec. A negotiated agreement was not reached by the end of the reporting period.

Fiscal year 2009/10 saw preparations made to enter into negotiations in the Atlantic region between the RCMP, HC, VAC, and the provincial optometry associations for the Atlantic Provinces. Negotiations are set to begin with the Atlantic associations as early as fall 2010. As a result of previous MOUs in the Atlantic and Quebec regions the Partners' total savings for 2009/10 were approximately **$360 thousand**, based on negotiated fees for services[15].

15 Estimates of savings as a consequence of the joint agreement with the AOQ were calculated based on services alone. A methodology for estimating total savings from product discounts is currently being developed. The savings estimate is therefore considered to be low.

4. FINANCIAL PERFORMANCE

Funding for the Partnership comes from the following sources:

- The FHP Secretariat is funded through VAC. Based on FHP's three-year business plan, Treasury Board gives VAC authority to release funds to cover salary and operating expenditures for FHP Secretariat;
- The Partners cover their own costs associated with FHP involvement; and
- The Partners also contribute funding or in-kind support for particular FHP initiatives.

Year over year financial comparisons can be found in Annex B.

4.1 Costs

4.1.1 FHP Secretariat

Table 2 below provides an overview of FHP Secretariat's total expenditures for 2009/10, compared to what was forecast in the *2007-2010 Business Plan*.

Table 2: FHP Secretariat – Actual versus Forecast Expenditures for 2009/10

Expenditure Category	2007-2010 Business Plan Forecast for 2009/10	Actual Unaudited	Variance (Forecast - Actual)
Salaries		$1,395,986	
Operation & Maintenance (O&M)		$745,802	
Total Expenditure	**$2,171,986**	**$2,141,788**	**$30,198**

FHP Secretariat's expenditures in 2009/10 totalled approximately **$2.1 million** or about $30 thousand below what had been forecast in the *2007-2010 Business Plan*. This variance was largely due to unanticipated vacancies in the FHP Secretariat during the fiscal year.

4.1.2 FHP Organizations

Table 3 below provides a breakdown of the cost of involvement in FHP activities for each FHP organization in 2009/10.

Table 3: Estimated Cost of FHP Involvement by Partner Organization – 2009/10

1 FHP Organization	2 Resource Estimated Costs	3 FP&T Costs	4 FHP Secretariat Costs	5 FHP OHHR Costs	6 Estimated Total Costs
CIC	$ 2,712			$ 10,000	$ 12,712
CSC	$ 11,027			$ 25,000	$ 36,027
DND	$ 22,506			$ 161,644	$ 184,150
HC	$ 58,569	$ 161,860		$ 100,000	$ 320,429
PHAC	$ 11,208			$ 116,000	$ 127,208
PWGSC	$ 1,265				$ 1,265
RCMP	$ 26,785			$ 10,000	$ 36,785
TBS	$ 3,796				$ 3,796
VAC	$ 33,513		$ 2,141,788		$ 2,175,301
Total Costs	**$ 171,381**	**$ 161,860**	**$ 2,141,788**	**$ 422,644**	**$ 2,897,673**

The figures in **Table 3** were derived as follows:

- **Column 2 – Resource Cost Estimates**: Participation in the FHP requires a significant investment of Partners' human resources and time. Estimates of Partners' resource costs associated with FHP involvement were calculated using a formula based on the number of person hours the Partners spent in meetings of FHP committees and working groups during the fiscal year.

- **Column 3 – Cost of Federal Pharmacy and Therapeutics Committee (FP&T)**: The cost of the FP&T includes: 1) 90% of the salary for an HC pharmacist who is responsible for managing the FP&T; and 2) the travel expenses, honoraria, and other overhead costs associated with FP&T committee members attending meetings. It does not include the resource costs for Partners' participation in meetings of the FP&T; these costs are estimated in Column 2.

- **Column 4 – FHP Secretariat Costs**: The cost of the FHP Secretariat includes: 1) salaries and O&M for the FHP Secretariat in Ottawa; 2) salaries for a number of staff dedicated to closing the National Recycling Unit in the VAC Regional Office, Kirkland Lake, Ontario.

- **Column 5 – FHP Office of Health Human Resources (HHR) Costs**: The OHHR costs include: 1) the cost of resources loaned to FHP Secretariat throughout the fiscal year by DND, HC and PHAC; and 2) the financial contributions made by Partners for OHHR activities.

The resource cost estimates for individual partner organizations presented in **Table 3** differ from those forecasted in FHP's *2007-2010 Business Plan*[16]. The variances are primarily due to the following:

- The methodology for estimating Partners' resource costs has been updated since the *2007-2010 Business Plan* was prepared;

- Unlike the forecasts in the *2007-2010 Business Plan*, the resource cost estimates presented in **Table 3, Column 2** do not encompass the cost of employee benefits, employee training, professional service contracts, or travel expenses (i.e., hotels, meals, transportation, and incidentals); and

- The *2007-2010 Business Plan* did not include provision for the OHHR.

4.1.3 Other Contributions

In addition to the contributions to the Partnership described above, it is important to note that HC supports several initiatives that benefit all FHP members by reducing the amount of evidence-based research individual programs must do to support decisions regarding which products and services are made available to their clients. These contributions included the following—the first three of which are provided by the Canadian Agency for Drugs and Technologies in Health (CADTH):

- HC covers the federal portion of the funding (30%) for the Common Drug Review (CDR), a joint federal-provincial initiative that provides Canada's publicly-funded drug plans with access to independent, expert advice. This funding, valued at $1.5M in 2009/10, allowed FHP members access to CDR's evidence-based drug listing recommendations (Partnership involvement with the CDR is described in *Section 3.3.1* of this report).

- HC covers the federal portion of the funding for the Health Technology Assessment Program (HTA), which conducts reviews of new medical devices and products and develops evidence-based listing recommendations for publically funded programs in Canada. This funding was valued at $11.4 million in 2009/10.

- HC covers the full cost of the Canadian Optimal Medication Prescribing and Utilization Service (COMPUS)—a collaborative, pan-Canadian service that operates in partnership with the federal, provincial, and territorial Ministries of Health to identify and promote optimal drug therapy. This contribution was valued at $4.0 million in 2009/10 (Partnership involvement with COMPUS is described in *Section 3.3.1* of this report).

- HC provides full administrative and financial support for the Federal Dental Care Advisory Committee (FDCAC) on behalf of the Partnership. This contribution was valued at $148,000 in 2009/10 (Partnership involvement with FDCAC is described in *Section 3.2* of this report).

16 Federal Healthcare Partnership, *Federal Healthcare Partnership 2007-2010 Business Plan* (2006), pg. 28

4.2 Savings

Throughout this report, the term "savings" refers primarily to "soft dollar savings", including expenditure avoidance, reductions in expenditures or costs, and economies of scale. The methodology used to derive estimates of savings achieved through the FHP is described briefly below.

Audiology: Savings in the audiology area result from a negotiated Memorandum of Understanding (MOU) between four FHP organizations (DND, HC, RCMP and VAC) and the Canadian Auditory Equipment Association. The MOU, which is in effect nationally, provides a 20% discount off the National List Price for hearing products for federal clients, and reduced rates for product-related services, such as repairs to, and remakes of hearing devices. For 2009/10, it is estimated that the involved Partners realized gross savings of approximately $4.8 million in the audiology area.

Health Information Management: The FHP Secretariat has put in place, and manages a Health Informatics Services (HIS) Support contract on behalf of the Partners. This contract enables the Partners to access reduced rates when contracting for informatics services support. An environmental scan has indicated that informatics support contract costs would likely be at least 45% higher if the Partners were to act individually to let comparable contracts. Moreover, it is estimated that there would be an additional 15% in administrative costs associated with letting separate contracts. In 2009/10, DND, HC and the FHP Secretariat on behalf of all Partners, used the HIS Support contract resulting in savings of approximately $600 thousand gross.

Pharmacy: Savings in the pharmacy area result largely from negotiated agreements between DND, HC, RCMP and VAC, and various provincial pharmacy associations. Currently there are agreements either in effect, or lapsed but still being honored, in the provinces of Quebec, British Columbia and Saskatchewan. In general, these agreements set the maximums that the Partners' respective drug benefit programs will reimburse on behalf of federal clients for pharmacy-related costs, such as mark-up on drug costs and prescription dispensing fees. The estimate of savings from the agreements is calculated based mainly on the difference between the fees agreed to in negotiations and the (potential) fee maximums the Partners mandated for themselves prior to entering negotiations. In 2009/10, the involved Partners realized gross savings of approximately $2.0 million as a consequence of the pharmacy agreements.

Vision Care: HC, RCMP and VAC and the provincial optometry associations in Quebec, and Atlantic (i.e., New Brunswick, Nova Scotia and Prince Edward Island) have established agreements governing the pricing of vision care products and services for federal clients. Savings estimates in the area of vision care are calculated based on the difference between the FHP-agreed rates and the provincially-recommended rates. For 2009/10, it is estimated that the total combined savings realized by the involved Partners in the area of vision care was approximately $360 thousand gross.

Gross savings estimates per area of FHP involvement for 2009/10 are presented in **Table 4** on the following page.

Table 4: Gross Savings Estimated Actual vs. Forecast for 2009/10

Area of Involvement	**Savings** ($ million)
Forecast Savings as per 2007/10 Business Plan	**6.0**
Estimated Actual Gross Savings per Area of Involvement	
Audiology	4.85
Health Information Management	0.6
Pharmacy – Joint Negotiations	2.01
Vision	0.36
Total (Estimated Actual)	**7.82**
Variance (Forecast less Estimated Actual)	**(1.82)**

As illustrated above, FHP's total gross savings for 2009/10 exceeded the forecast amount by more than $1.82 million.

A conservative estimate of annual net savings identified in **Table 3**, is calculated by deducting the overall cost of the FHP Secretariat (including the FHP Office of Health Human Resources), the resource costs for the Partners' participation in the FHP (see Appendix A), and costs related to the Federal Pharmacy and Therapeutics Committee (FP&T) administered by HC on behalf of all Partners from the estimate of total gross savings. For 2009/10, it is estimated that the FHP achieved a combined total net savings of **$4.92 million** on behalf of the Crown though the work of the Partnership.

5. QUALITATIVE BENEFITS

As demonstrated throughout this report, FHP participation yields many qualitative benefits for the Partners—benefits that are no less important than the quantitative. These benefits include:

- Stronger relationships between Partners, both within and outside the FHP context;
- Greater understanding of each others' healthcare programs and the issues and challenges faced within each;
- Increased information and knowledge sharing for example, regarding recommended practices and approaches in the delivery of healthcare programs;
- Greater harmonization across partner organizations in the delivery of healthcare benefits, goods, services, and information;
- Enhanced awareness of emergent health policy issues;
- Enhanced decision-making on strategic healthcare issues;
- Greater bargaining power in joint negotiations;
- Increased ability to shape healthcare policy and program delivery in Canada; and
- Greater collaboration/coordination and less duplication of effort on healthcare files of common interest or concern.

6. CONCLUSION

Since its inception in 1994, the FHP has continued to yield significant benefits, both quantitative and qualitative, for the Partners. In 2009/10, the collaborative activities of the Partners resulted in net savings of approximately **$4.92 million** being realized on behalf of the Crown, thus exceeding the *2007-2010 Business Plan* forecasted amount.

During the reporting period, the Partnership continued to show success through its collaboration in various committees and working groups. Significant accomplishments were achieved in the areas of health human resources and health information management as the Partners expressed increased interest based on their departmental needs. Various key initiatives and communities of practices were established to develop opportunities for recruitment and retention within the public sector, as well as to create standards that would allow Partners to be interoperable with the pan-Canadian EHR network.

Additionally, a pandemic planning working group was established and coordinated through the FHP Secretariat in response to H1N1. The Pandemic Vaccine Supply Task Group worked collaboratively to replace the expired pandemic vaccine contract and the Vaccine Supply Working Group became a F/P/T initiative to coordinate procurement and distribution of vaccines between jurisdictions.

The FHP has been a positive source of, and has actively promoted, economies of scale for health benefit programs in its partner organizations for the past sixteen years. As the FHP builds upon its successes, it will continue to use the relationships it has developed to explore opportunities for further collaboration. With the cost of healthcare rising in Canada, it is imperative that the work of the FHP continue, and that all opportunities for federal organizations to further work together be vigorously explored.

ANNEX A: FHP INVOLVEMENT

Table 5: FHP Involvement Area – 2009/10

Areas of Involvement	FHP Organizations								
	CIC	CSC	DND	HC	PHAC	PWGSC	RCMP	TBS	VAC
Governance and Business Planning									
Audiology									
Dental Care									
F/P/T Representation									
Health Human Resources									
Health Information Management									
Home and Continuing Care									
Medical Equipment Recycling									
Mental Health									
Oxygen									
Pharmacy									
Vision Care									

Legend:

- Participant
- Observer
- FHP Not Active
- Varies by F/P/T Group

ANNEX B: YEAR OVER YEAR COMPARISONS

Table 6: FHP Secretariat Expenditures – 2009/10 over 2008/09

	$ Amount 2009/10	$ Amount 2008/09	$ Variance 2009/10 – 2008/09
Actual Expenditures (unaudited)**:**			
Salaries	$1,395,986	$1,491,925	($95,939)
O & M	$745,802	$686,630	$59,172
Total – Actual	**$2,141,788**	**$2,178,555**	**($36,767)**

Table 7: Cost of Partnership Involvement per FHP Organization – 2009/10 over 2008/09

FHP Organization	$ Cost 2009/10	$ Cost 2008/09	$ Variance 2009/10 - 2008/09
CIC	$12,712	$18,046	($5,334)
CSC	$36,027	$35,717	$310
DND	$184,150	$257,425	($73,275)
HC	$320,429	$216,722	$103,707
PHAC	$127,208[17]	$11,621	$115,587
PWGSC	$1,265	$3,295	($2,030)
RCMP	$36,785	$41,768	($4,983)
TBS	$3,796	$8,771	($4,975)
VAC	$2,175,301[18]	$6,688,717	($4,513,416)
Total	**$2,897,673**	**$7,282,082**	**($4,384,409)**

Table 8: FHP Financial Performance – 2008/09 and 2009/10

	2009/10 $ million	2008/09 $ million	Total $ million
Gross Savings	7.82	15.12	22.88
Costs	2.90	7.28	10.17
Net Savings	**4.92**	**7.84**	**12.71**

17 PHAC's increase in costs throughout the 2009/10 reporting period was a result of increased participation in various initiatives within the Partnership.

18 The cost of VAC's involvement was significantly lower in 2009/10 than in 2008/09 due to the discontinuation of the Medical Equipment Recycling program.